




ROMAN CORPORATION LIMITED

Annual Report 1974



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OFFICERS

Stephen B. Roman, LL.D.
Chairman & President

John S. Grant, Q.C.
Vice-President

John C. Puhky
Secretary & Treasurer



DIRECTORS

James E. Degnan
(deceased, April 17, 1975)

John S. Grant,

Lewis B. Harder

George B. Heenan

John Kostuik

Charles D. Parmelee

Joseph A. Patrick

Helen E. Roman

Stephen B. Roman,

Russell A. Rule

AUDITORS

Coopers & Lybrand
Toronto, Ontario

HEAD OFFICE

4 King Street West
Toronto, Ontario
M5H 1C2

DIVISION OFFICE AND MILL

Strathcona Paper Company
Box 130
Napanee, Ontario
K7R 3L6

BANKERS

The Royal Bank of Canada
Toronto, Ontario

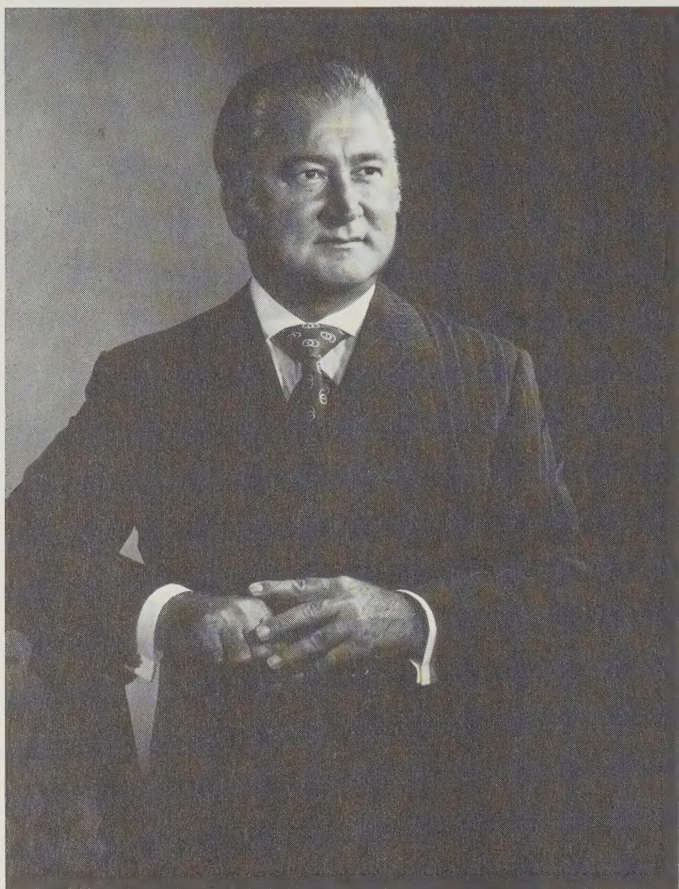
REGISTRAR & TRANSFER AGENT

Guaranty Trust Company of Canada
Toronto, Ontario

*The Officers and Directors of Roman Corporation Limited
are pleased to present to the shareholders this
Annual Report for the year ended December 31, 1974.*



PRESIDENT'S REPORT



To the Shareholders:

I am pleased to report to you, on behalf of the Board of Directors, with respect to the year ended December 31, 1974.

Earnings per share for 1974 were 84 cents as compared to 59 cents for 1973, being a 42 per cent increase. This increase is largely attributable to the continued improved performance of Denison Mines Limited which reported higher net revenue from all divisions of its operations resulting in a profit increase of over 25 per cent from that of the preceding year. Your Company now owns 1,225,550 shares of Denison, or 26.8 per cent.

Canadian government approval was recently announced for the agreement signed in 1974 by Denison with Empresa Nacional del Uranio S. A. of

Spain, calling for delivery of an additional 4 million pounds of uranium concentrates over a three-year period. Government approval is still awaited regarding the 1974 contract signed by Denison with Tokyo Electric Power Company for the sale of 40 million pounds of uranium concentrates for delivery during 1984 to 1993.

We believe that Denison, through foresighted measures taken over the past several years, can maintain and indeed improve its present pre-eminent position in Canadian uranium. Export contracts now in being, give Denison a solid base for continuous operations to 1993 and the Denison mine reserves are adequate into the next century.

In November of 1974 your Company purchased privately all of the issued shares of Strathcona Paper Company Limited and we have since constituted that business as the Strathcona Paper Company Division of our over-all operation. This acquisition was in keeping with our expressed desire to begin to diversify our activities from the natural resource area as and when the appropriate opportunity appeared. It represents an important step toward expanding the Company from what has been essentially a holding or investment role into an operating entity.

Strathcona Paper Company has been owned and operated by the Finlay family since 1902 and we have retained existing management to run the operation. The plant is located in the village of Strathcona just north of Napanee in Eastern Ontario, and the company is a leading producer of boxboard specialties, producing its fibre supply mainly from recycled waste paper. This raw material, which represents up to 90 per cent of the total input into the manufacturing process is brought to the plant in trucks returning from deliveries of finished products to customers. Market areas presently served are primarily in Ontario and Quebec.

The acquisition was paid for in cash, through an increase in our bank line of credit, and some \$5 million of the increase in current liabilities shown on the 1974 balance sheet, is attributable to these bank

borrowings. Reference is made to the financial material forming part of this report, and particularly to the notes to the financial statements, for particulars of the Strathcona Paper Company acquisition.

In the mineral exploration field our activity was restricted to modest exploration for base metals, including diamond drilling, carried out by Canadian Malartic Gold Mines, 33 per cent owned, in Northwestern Quebec. Black Hawk Mining Ltd., in Maine, in which we own directly 9 per cent of the outstanding shares and where we have a reserved 5 per cent royalty on our former properties, had a \$1.5 million operating profit, up from \$635,000 in 1973. Additional surface drilling is being done to evaluate a zone south of the present shaft, and part of the mineralization being outlined is on our former leases.

In summary, 1974 was a year wherein our economy began to experience the severest pressures with attendant pessimism. Lack of leadership by all levels of governments respecting many major issues has certainly not made the burden lighter. In spite of everything, we think we recognize in 1975 a return on the part of Canadian private enterprise and business towards optimism and some hope. This appears perhaps unjustified by present conditions but is based on the conviction that having survived all of the adverse political-economic developments visited upon us over these past several years, we still believe in the free enterprise system which has created the best possible environment for Canadians. We shall continue to believe in it, and to expend our every energy for that which we hold to be the very cornerstone of a true democracy — the responsibility of the individual and his right to develop and to develop his talents, within the structure of a free society.

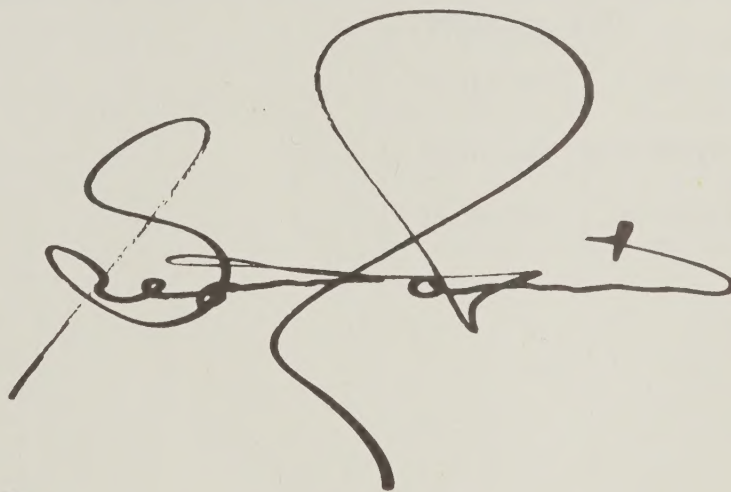
In April, 1975 we were saddened by the sudden death of our good friend and fellow director, James E. Degnan, of Chicago. Although a director only for slightly over a year, Jim Degnan made a valuable contribution to the Board's deliberations and

policies and he held the affection and respect of us all.

We are pleased that John H. Coleman, of Toronto, has accepted an appointment to our Board. Mr. Coleman was formerly Deputy Chairman and Executive Vice-President, the Royal Bank of Canada and is a director of many leading Canadian and United States companies.

We are grateful for the support and understanding of our shareholders and we look ahead with renewed resolve.

On Behalf of the Board of Directors

A large, stylized handwritten signature in dark ink, likely belonging to Stephen B. Roman. The signature is fluid and cursive, with a prominent loop at the top and a long, sweeping underline.

STEPHEN B. ROMAN
Chairman and President

Toronto, Ontario,
May 6, 1975.



ASSETS

	1974 \$	1973 \$
CURRENT ASSETS		
Cash.....	54,789	77,606
Marketable securities	164,360	355,975
Accounts receivable	588,495	78,381
Inventories.....	683,971	—
Prepaid expenses	20,937	943
	<u>1,512,552</u>	<u>512,905</u>
SHARES IN OTHER COMPANIES HELD FOR INVESTMENT (note 3)	<u>27,613,943</u>	<u>24,358,271</u>
FIXED ASSETS		
Land — at cost	90,000	—
Plant, buildings and equipment — at cost, less accumulated depreciation of \$471,837 (1973 — \$426,999)	<u>4,741,504</u>	<u>48,342</u>
	<u>4,831,504</u>	<u>48,342</u>
OTHER ASSETS	<u>141,059</u>	<u>161,026</u>
	<u><u>34,099,058</u></u>	<u><u>25,080,544</u></u>

AUDITORS' REPORT

We have examined the balance sheet of Roman Corporation Limited as at December 31, 1974, and the statement of financial position for the year then ended. Our examination included a general review of the accounts and supporting documents considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1974, and the financial position for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Ontario
March 4, 1975



LIABILITIES

	1974 \$	1973 \$
CURRENT LIABILITIES		
Bank demand loans (note 4)	12,716,445	7,647,787
Accounts payable and accrued liabilities	664,884	72,745
Income taxes payable (note 5)	1,172,983	—
	<u>14,554,312</u>	<u>7,720,532</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized —		
5,000,000 shares without par value		
Issued —		
2,613,000 shares	3,806,777	3,806,777
CONTRIBUTED SURPLUS	280,598	280,598
RETAINED EARNINGS	15,457,371	13,272,637
	<u>19,544,746</u>	<u>17,360,012</u>
	<u>34,099,058</u>	<u>25,080,544</u>

SIGNED ON BEHALF OF THE BOARD

JOHN S. GRANT, Director

R. A. RULE, Director

THE SHAREHOLDERS

1, 1974 and the statements of earnings and retained earnings and changes in financial procedures and such tests of accounting records and other supporting evidence as we

pany as at December 31, 1974 and the results of its operations and the changes in its principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND
CHARTERED ACCOUNTANTS



STATEMENT OF EARNINGS AND RETAINED EARNINGS For the Year Ended December 31, 1974

	1974 \$	1973 \$
STRATHCONA DIVISION (notes 1(a) and 2) (November 23 to December 31, 1974)		
Sales.....	964,895	—
Cost of sales	814,052	—
Gross profit.....	150,843	—
INVESTMENT INCOME		
Share of income determined by the equity method	3,192,111	2,329,446
Other interest and dividends	36,967	22,111
Loss from security transactions	(8,658)	(187,708)
	3,220,420	2,163,849
SERVICES AND RENTAL INCOME	222,539	218,013
	3,593,802	2,381,862
Selling, general and administrative expenses	362,571	264,268
Interest.....	955,540	568,438
Depreciation.....	44,839	11,608
	1,362,950	844,314
EARNINGS BEFORE INCOME TAXES	2,230,852	1,537,548
PROVISION FOR INCOME TAXES (note 1(a))	46,118	—
NET EARNINGS FOR THE YEAR	2,184,734	1,537,548
RETAINED EARNINGS — BEGINNING OF YEAR	13,272,637	11,735,089
RETAINED EARNINGS — END OF YEAR	15,457,371	13,272,637
EARNINGS PER SHARE FOR THE YEAR	\$0.84	\$0.59



STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1974

	1974 \$	1973 \$
SOURCE OF WORKING CAPITAL		
Current operations —		
Net earnings for the year	2,184,734	1,537,548
Items not affecting working capital in the year —		
Depreciation.....	44,839	11,608
Share of income determined by the equity method, less dividends received	(1,495,347)	(687,302)
Other amounts written off	—	81,652
	<u>734,226</u>	<u>943,506</u>
Other assets	19,967	(8,331)
	<u>754,193</u>	<u>935,175</u>
USE OF WORKING CAPITAL		
Investment in net assets of Strathcona Paper Company Limited	7,355,067	—
Less: Working capital contributed	2,551,674	—
	<u>4,803,393</u>	<u>—</u>
Purchase of shares for investment	1,760,325	848,290
Additions to fixed assets	24,608	17,391
	<u>6,588,326</u>	<u>865,681</u>
DECREASE (INCREASE) IN WORKING CAPITAL	5,834,133	(69,494)
WORKING CAPITAL DEFICIENCY — BEGINNING OF YEAR	7,207,627	7,277,121
WORKING CAPITAL DEFICIENCY — END OF YEAR	13,041,760	7,207,627



NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 1974

1. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation

The company follows the equity method of accounting for its investment in Denison Mines Limited and three other companies, two of which are mining companies. Under this method the company includes in its reported earnings its share of net earnings of these companies for the year.

Exploration expenditures made in the year are written off to expense.

The excess cost of the company's investment over its equity in the net assets of the four companies referred to above was \$5,768,000 at the dates of acquisition, which amount is considered to be applicable to the mining properties of these companies and is being amortized over twenty-five years, primarily on the basis of production. This charge has been deducted in calculating the share of income determined by the equity method.

As outlined in note 2, the company acquired all the shares of Strathcona Paper Company Limited on November 22, 1974. The results of its operations from that date have been included in these financial statements.

(b) Marketable securities

Marketable securities are carried at their quoted market value but not in excess of cost.

(c) Inventories

Finished goods are valued at the lower of cost and net realizable value less normal profit margin. Raw materials and supplies are valued at the lower of cost and replacement cost.

(d) Fixed assets

Fixed assets are carried at cost.

Depreciation charges are calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

Buildings and structures	4%
Plant, machinery and equipment	7%-10%
Vehicles	20%

2. ACQUISITION OF STRATHCONA PAPER COMPANY LIMITED (STRATHCONA)

The company purchased by agreement all of the outstanding shares of Strathcona on November 22, 1974 for a cash consideration (including expenses) of \$7,355,067 which was \$2,644,581 in excess of the net assets at the book value of the seller. Such excess has been applied to increase the net assets to fair value.

Strathcona is a manufacturer of box board and similar paper products, principally for the Ontario and Quebec market.

The acquisition has been treated as a purchase for accounting purposes.

On December 13, 1974 Strathcona Paper Company Limited was wound up and all of its net assets were transferred to the company, which now operates the facility as the "Strathcona Paper Company Division" of Roman Corporation Limited.

3. SHARES IN OTHER COMPANIES HELD FOR INVESTMENT

This item comprises:

	1974	1973
	\$	\$
Shares in companies accounted for by the equity method (quoted market value \$43,858,000; 1973 — \$58,877,000)	27,265,442	24,009,770
Shares in other companies, at or below cost (quoted market value of listed securities \$276,600; 1973 — \$286,000)	348,501	348,501
	<u>27,613,943</u>	<u>24,358,271</u>

The quoted market values referred to above do not necessarily represent the realizable value of these holdings which may be more or less than that indicated by market quotations.

4. BANK DEMAND LOANS

The bank demand loans are secured by substantially all the shares in other companies held for investment and by the marketable securities. The company diversified its operations during the year (note 2) and now considers it appropriate to reclassify the bank demand loan as a current liability; the comparative figures for the preceding year have been similarly reclassified.

5. INCOME TAXES

The company anticipates that losses for tax purposes in the following approximate amounts can be applied to reduce income taxes which may otherwise be payable in future years until:

	\$
June 30, 1977	360,000
June 30, 1978	500,000
June 30, 1979	800,000

The current income tax liability shown on the balance sheet represents the balance of income taxes payable by Strathcona and assumed by the company on December 13, 1974 (\$829,983) (note 2), and the special tax payable by the company on the distribution to it of the designated surplus on the winding up of Strathcona (\$343,000).

6. STATUTORY INFORMATION

Directors and senior officers, as defined in The Business Corporations Act of Ontario, received direct remuneration in 1974 of \$36,850 (1973 — \$36,700).

AR10



INTERIM

REPORT

ROMAN CORPORATION LIMITED

SIX MONTHS ENDED JUNE 30, 1974

ROMAN CORPORATION LIMITED

4 King Street West, Toronto, Ontario

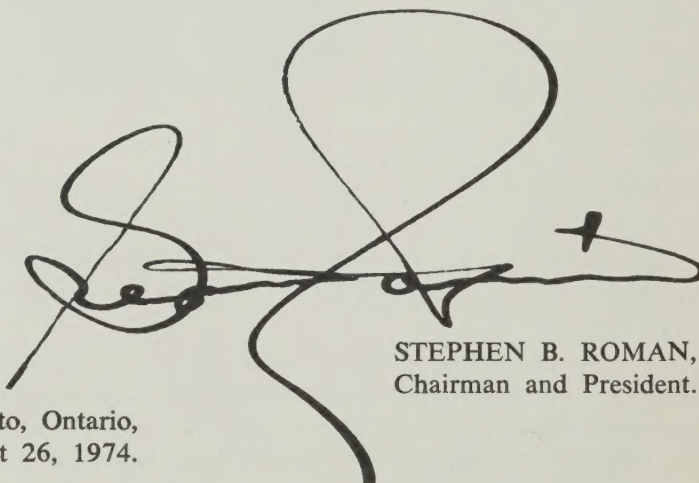
To the Shareholders:

The Directors are pleased to submit this interim report covering the six-month period ended June 30, 1974. As previously stated, the Corporation changed the fiscal year to December 31, 1974 for accounting and reporting purposes, commencing with the year ended December 31, 1973.

Net earnings for the period were \$1,153,000 (44¢ per share) compared with \$596,000 (23¢ per share) for the corresponding period a year ago. Generally, this improvement in earnings can be attributed to higher consolidated net earnings achieved by Denison Mines Limited which, for its first half of this year, reported \$1.37 per share, as against 86¢ per share for the first half of last year.

During the period, we further increased our share holdings in Denison Mines by 22,300 shares, to bring our total holdings to 1,209,050 shares or 26.4% of the issued shares of that company. Denison recently announced the signing of an agreement with Empresa Nacional del Uranio, S.A. of Spain for the sale of four million pounds of uranium oxide, and had previously announced a contract for the sale of forty million pounds of uranium concentrates to The Tokyo Electric Power Company. Both agreements require the appropriate governmental approvals.

On behalf of the Board of Directors,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

STEPHEN B. ROMAN,
Chairman and President.

Toronto, Ontario,
August 26, 1974.

ROMAN CORPORATION LIMITED

SIX MONTHS ENDED JUNE 30

	1974	1973
SUMMARY OF EARNINGS	\$	\$
Gross income	1,706,000	1,033,000
Net earnings for the period	1,153,000	596,000
Net earnings per share (Note 1) .	\$0.44	\$0.23

STATEMENT OF SOURCE AND USE OF FUNDS

Source of Funds

Current operations

Net earnings for the period 1,153,000 596,000

Adjustment for items which did
not require working capital in
the period —

Depreciation 6,000 5,000

Share of income determined
by equity method, less
dividends received (Note
1) (715,000) (111,000)

444,000 490,000

Increase in bank demand loan ... 588,000 —

1,032,000 490,000

Use of Funds

Purchase of shares for investment 1,139,000 —

Acquisition of other assets 6,000 4,000

Reduction in bank demand loan .. — 591,000

1,145,000 595,000

DECREASE IN WORKING

CAPITAL 113,000 105,000

Note 1: The Corporation has adopted the equity method of accounting for its investment in Denison Mines Limited and three other companies. The Corporation's share of net earnings is reflected in this interim statement.

THE UNIVERSITY OF TORONTO

Faculty of Arts

Department of History

History 100: Introduction to Canadian History

Section 100-001: Lecture

Section 100-002: Seminar

Section 100-003: Tutorial

Section 100-004: Lab

Section 100-005: Field Trip

Section 100-006: Guest Lecture

Section 100-007: Workshop

Section 100-008: Conference

Section 100-009: Exhibition

Section 100-010: Performance

Section 100-011: Debate

Section 100-012: Symposium

Section 100-013: Roundtable

Section 100-014: Panel Discussion

Section 100-015: Q&A Session

Section 100-016: Book Review

Section 100-017: Film Screening

Section 100-018: Music Performance

Section 100-019: Art Installation

Section 100-020: Guest Artist

Section 100-021: Workshop

Section 100-022: Conference

Section 100-023: Exhibition

Section 100-024: Performance

Section 100-025: Debate

Section 100-026: Symposium

Section 100-027: Roundtable

Section 100-028: Panel Discussion

Section 100-029: Q&A Session

Section 100-030: Book Review

Section 100-031: Film Screening

Section 100-032: Music Performance

Section 100-033: Art Installation

Section 100-034: Guest Artist